A

PROJECT REPORT

ON

**“STUDY OF CREDIT APPRAISAL PROCESS FOR SME SECTOR”**

at

**JALGAON JANATA SAHKARI BANK**

IN FULFILLMENT OF TWO YEARS FULL TIME

MASTER OF BUSINESS ADMINISTRATION (MBA)

SUBMITTED TO

Department of Management

Khandesh College Education Society's

INSTITUTE OF MANAGEMENT & RESEARCH, JALGAON



SUBMITTED BY

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MBA (FINANCE)

(Exam Seat No- 838280)

Under the Guidance of

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**KBC NORTH MAHARASHTRA UNIVERSITY, JALGAON (MS) INDIA**

(2023-24)



**DECLARATION**

I, Utkarsha Manojkumar Kolhe, a student of KCES’s Institute of Management and Research, pursuing a Master of Business Administration (MBA), hereby declare that the Summer Internship Project report entitled "STUDY OF CREDIT APPRAISAL PROCESS FOR SME SECTOR" at JALGAON JANATA SAHKARI BANK is an authentic work carried out by me under the guidance and supervision of Shri Omkar Uttam Patil, during the period 17 August 2023 to 17 October 2023

I further declare that this project report is based on my original work and has not been submitted, either in part or full, for the award of any other degree or diploma in this institution or elsewhere.

Date:

Place: Jalgaon

Utkarsha Manojkumar Kolhe

(Exam Seat No.838280)

KCES’s IMR, Jalgaon

**Acknowledgment**

I express my sincere gratitude and appreciation to all those who have contributed to the successful completion of my Summer Internship Project, entitled "STUDY OF CREDIT APPRAISAL PROCESS FOR SME SECTOR" undertaken during the [2023-24] as part of my Masters of Business Administration (MBA) program at KCES’s Institute of Management and Research, Jalgaon. I would like to extend my heartfelt thanks to Dr. Rohini Bodas, my project guide, for his/her invaluable guidance, mentorship, and unwavering support throughout the internship. His/her insights, constructive feedback, and encouragement significantly enriched my learning experience and helped shape the quality of this project.

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I appreciate the cooperation and assistance received from all those who directly or indirectly contributed to the successful completion of this project. Their support has been invaluable in shaping my professional growth and enhancing my practical skills.

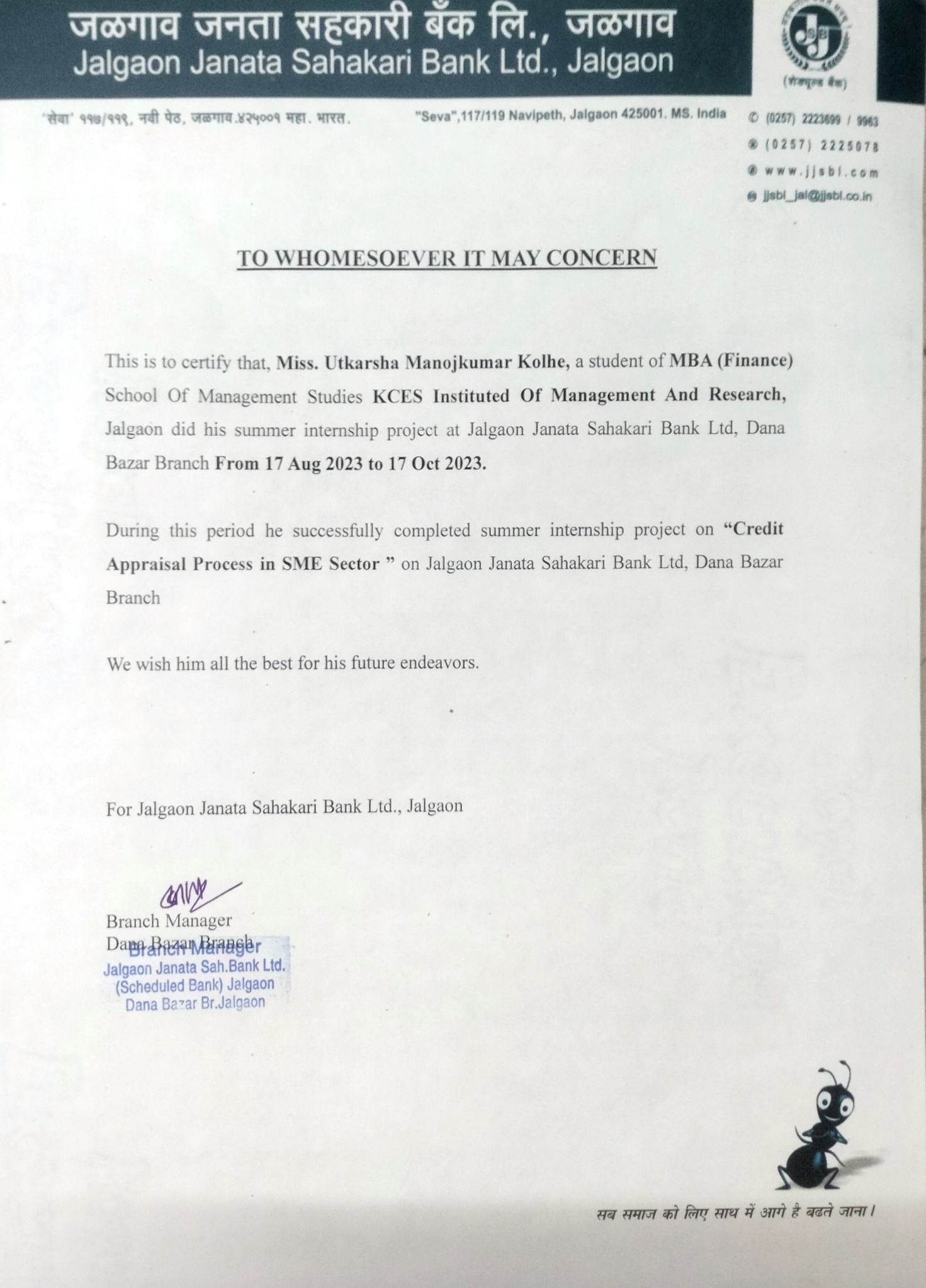
Lastly, I would like to express my heartfelt thanks to my family and friends for their continuous support, encouragement, and understanding throughout this internship journey.

Date:

Place: Jalgaon

Utkarsha Manojkumar Kolhe

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**Chapter 1.**

**Executive Summary.**

My project is about the Credit Appraisal System in the banking sector. The Banking sector is one of the most rapidly growing areas in the financial sector. As an economy grows over the years, the banking sector intensifies and broadens its reach. The banking sector is scalping new systems that will grow stronger over the years. Such banks have good management control and also inherent strengths in terms of a highly motivated staff, and good checks and balances, which are enhanced by a regular and supervisory system.

As the growth in advances is largely determined by the economic and business environment, such banks will be able to push their credit portfolio aggressively, especially when the economy is booming Also, as such a bank has a diversified credit portfolio it would be a cushion during economic downturns.

Credit Appraisal has become a very sensitive issue nowadays, suites very important to study

the credit appraisal in the banking sector. This study helps in improving the credit appraisal system in banks & reduces various risk parameters, which are broadly categorized into financial risk, business risk, industrial risk & management risk associated with providing any loans or advances or practical finance. This report will help in improving knowledge about credit appraisal systems & have practical exposure to the credit appraisal scenario in the banking sector.

Banks and other lenders will give credit and charge interest on the amount that is borrowed. While issuing financial guarantees, branches should satisfy themselves that customers would be in the position to reimburse the Bank if required to make the payment under the guarantee, branches should exercise due caution and have sufficient experience with the customer to satisfy themselves that the customer has the necessary experience, capacity, expertise and means to perform the obligation under the contract and any default is not likely to occur.

Credit appraisal is done to check the commercial, financial & technical viability of the project proposed and its funding patterns and further checks the primary or collateral security cover available for the funds. The Jalgaon Janata Bank loan policy contains various norms for sanctioning of different types of loans that are flexible & may differ from case to case.

Credit is the core activity of the bank & important source of their earning which goes to pay interest to depositors, salaries to employees & dividends to shareholders. Credit & risk go hand in hand. The bank's main function is to lend funds /provide finance but it appears that norms are taken as guidelines, not as a decision making. A banker’s task is to identify/assess the risk factors/parameters & manage/mitigate them continuously. The banking sector is the most rapidly growing area in the financial sector new heights and is expanding enormously. As an economy grows over the years, the banking sector intensifies and broadens it search in terms of enhanced advances and deposits. A bank with an effective credit appraisal and loan recovery system will grow stronger over the years. Such bank has good management control and also inherent strength in terms of good check and balances.

**Character**

**Character**

**Credit Apprisal**

**Capacity**

**Collateral Capability**

Credit Appraisal is the process by which the lender assesses the borrower's creditworthiness. It revolves around 35 C. mentioned in the following diagram. If any of these Is missing or indicates a weak link in the equation then the lending officer must question the viability of credit. It takes into account various factors like income of the applicant number of dependents, monthly expenditure, repayment capacity, employment history number of years of service, and other factors that affect credit the of the borrower.

**Chapter2.**

**Bank Scenario**

**Introduction of Banking**

**1.1) Meaning of Bank**

A bank is a financial institution that deals with deposits and advances and other related services. It receives money from those who want to save in the form of deposits and it lends money to those who need it.

**Definitions of Bank: -**

Banking is one of the key drivers of the U.S. economy. Banking provides a safe place to save excess cash, known as deposits. It also supplies **liquidity to** the economy by loaning this money out to help businesses grow and allow consumers to purchase homes, cars, and consumer products. Banks primarily make money by charging higher interest rates on their loans than they pay for deposits.

In general terms, the business activity of accepting and safeguarding money owned by other individuals and entities, and then lending out this money to earn a profit.

**1.2) Characteristics/Features of a Bank**

1. Dealing in Money: -

A bank is a financial institution that deals with other people's money i.e. money given by depositors.

1. Acceptance of Deposit: -

A bank accepts money from the people in the form of deposits which are usually repayable on demand or after the expiry of a fixed period. It gives safety to the deposits of its customers. It also acts as a custodian of funds of its customers.

1. Giving Advances: -

A bank lends out money in the form of loans to those who require it for different purposes

1. Payment and Withdrawal: -

A bank provides easy payment and withdrawal facilities to its customers in the form of cheques and drafts it also bank money in circulation. This money is in the form of a cheque draft, etc.

1. Agency and Utility Services: -

A bank provides various banking facilities to its customers. They include general utility services and agency services.

1. Profit and Service Orientation: -

A bank is a profit-seeking in situation having a service-oriented approach.

1. Ever-increasing Function: -

Banking is an evolutionary concept. There is continuous expansion and diversification as regards the functions, services, and activities of a bank.

1. Connecting Link: -

A bank acts as a connecting link between borrowers and lenders of money. The bank collects money from those who have surplus money and gives the same to those who need money.

1. Individual/ Firm/Company: -

A bank may be a person, firm, or company. A banking company is a company in the business of banking.

**1.3) Functions of Banking: -**

1) To assemble capital and make it effective

2) To receive deposits and make collections.

3) To check out and transfer funds.

4) To discounter lend.

5) To exercise fiduciary or trust powers.

6) To issue circulating notes. Every bank that expects to succeed must first of all prove its value to the community.

**1.4) HISTORY OF BANKING IN INDIA: -**

Without a sound and effective banking system in India, it cannot have a healthy economy. The banking system of India should not only be hassle-free but it should be able to meet new challenges posed by the technology and any other external and internal factors.

For the past three decades, India's banking system has had several outstanding achievements to its credit. The most striking is its extensive reach. It is no longer confined to only metropolitans or cosmopolitans in India. The Indian banking system has reached even the remote corners of the country. This is one of the main reasons for India’s growth. The government’s regular policy of India.

* The first bank in India, though conservative, was established in 1786 till today, the journey of the Indian Banking System can be segregated into three distinct phases. They are as mentioned: Early phase from1786to1969of Indian Bank.
* Nationalization of Indian Banksandupto1991priortoIndian.
* Banking sector reforms.
* A new phase of the Indian banking system with the advent of India.

Financial & banking sector reforms after 1991.

**Nationalization**

The next significant milestone in Indian Banking happened in the late 1960s when the then Indira Gandhi government nationalized on 19th July 1949, 14 major commercial Indian banks followed by the nationalization of6morecommercialIndian banks in1988. The stated reason for the nationalization was more control of credit delivery. After this, until the 1990s the nationalized banks grew at a leisurely pace of around 4% also called the Indian economy.

After the amalgamation of the New Bank of India with Punjab National Bank, currently, there are 19 nationalized banks in India.

**Liberalization**

In the early1990s the then Narasimha Rao government embarked on a policy of liberalization and gave licenses to a small number of private banks, which came to be known as new generation tech-savvy banks, which included banks like ICICI and HDFC. This move along with the rapid growth of the economy of India Kickstarted the banking sector in India, which has seen rapid growth with strong contributions from all the sectors of banks, namely Government banks, Private Banks, and Foreign banks, However, there has been a few hiccups for these new banks with many either taken over like Global Trust Bank while others like Centurion Bank found the going tough

**Chapter3**

**Bank Profile**



The development, progress & success of any organization depends upon the group of dedicated workers involved in the organization. A commercial organization is not an exception to this view. The Jalgaon Janata Sahakari Bank is proud of its team of dedicated selfless workers, each one of the team is successful in his personal as well as professional life, still devoting much time in the building of the organization. The success of any organization is to be measured by the height achieved, but more important is the obstacles that it has overcome. Profit-making is the aim of any commercial organization like a bank. Earning profit will build huge wealth, property & prosperity. But it is a great belief of every one of us that: "**Carve the names on the heart of common man instead of carving names on marble".** The social obligation must be met, through different means, and the bank can be one of them. In a sense, the Bank is a social movement, wealth acquired with great effort is used for the needy & deserving people. organizational work ours is like a big tree having various branches, each branch equally strong on solid footing having a universal blood group. Everyone can experience & enjoy the shadow of this big tree.

**Board of Directors:**

Following is the elective board of directors from the shareholders. They are-

|  |  |  |
| --- | --- | --- |
| **Sr. No.** | **Name** | **Designation** |
| 1. | CA. Shri. Anil Govind Rao | Chairman |
| 2. | Dr. Shri. Pratap Dattatray Jadhav | Vice Chairman |
| 3. | CA. Shri. Jayesh Pravin Chandra Doshi | Director |
| 4. | Shri. Bansilal Kisan Adore | Director |
| 5. | Shri. Satish Prabhakar Madane | Director |
| 6. | CA Shri. Dipak Anant Atrawalkar | Director |
| 7. | Shri. Ravindra Gajanan Belpathak | Director |
| 8. | Shri. Jayantilal Shantilal Surana | Director |
| 9. | CA. Shri. Subhash Bhagwan Lohar | Director |
| 10. | Shri. Suresh Uttam Chand Keswani | Director |
| 11. | Shri. Vivek Ramesh Patil | Director |
| 12. | Dr. Shri. Atul Gunwant Sarode | Director |
| 13. | Shri. Harishchandra Daulatrao Yadav | Director |
| 14. | CA. Shri. Krushana Dagadu Kamthe | Director |
| 15. | Dr. Smt. Aarati Sanjiv Hujurbajar | Director |
| 16. | Smt. Savitri Ravindra Solunkhe | Director |
| 17. | CA. Shri. Vinayak Mahadeo Govilkar | Director |
| 18. | Shri. Pundalik Ukhardu Patil | Director |

**History and development of Jalgaon Janata bank**

|  |  |
| --- | --- |
| **Date** | **Achievement** |
| 20thJanuary1979 | Bank Establishment |
| 1stSeptember1983 | First Branch opened (Market Yard) |
| 6thNovember1999 | Our Charitable Trust Jalgaon Janata Sahakari Bank Keshav Smruti Pratishthan Registered. |
| 20thJanuary1991 | First Computer Installed (Dana Bazaar) |
| 1stMarch1993 | 1. Area of Operation Expanded in DHULE District. 2. Amalgamation of Dhule People’s Co-operation Bank. |
| 1stSeptember1997 | Our Company Jalgaon Janata Info Tech Pvt. Ltd Has Fully Computerized First Branch. |
| 13thDecember1998 | Twelve Hours and All Seven Days Service Started At Station Road Branch |
| 20thJanuary1998 | Crossed 100CroresDeposit |
| 29thJanuary2000 | Bank Attained Scheduled Bank status |
| 26thMarch2000 | First ATM Installed at Station Road Branch |
| 31stMarch2000 | Crossed200CroresDeposit |
| 15thJuly 2000 | Nasik Branch Opened |
| 10thSeptember2000 | All Branch are fully Computerized. |
| 18thNovember2000 | Fort & Thane Branch Opened |
| 20thNovember2002 | Aurangabad Branch Opened |
| 11th July 2002 | Crossed 300 Crores Deposit |
| 2003-2004 | 2003-2004 |

**The Jalgaon Janata Sahakari Bank was established on 20th January 1979: -**

The Development, progress & success of any organization depend upon the group of dedicated Workers involved in the Bank. A commercial organization is not an exception to this view. The Jalgaon Janata sahakari Bank is proud of its team of dedicated selfless workers, each one of the team is successful in his personal as well as professional life, still devoting much time in the Building of the Bank. The success of any organization is to be measured by the height achieved, but more important is the obstacles that it has overcome. Profit-making is the aim of any commercial organization like a bank. Earning Profit will build huge wealth, property & prosperity͘ But it is a great belief of every one of us that: “Carve the Names on the heart of common man instead of carving names on marble” Social obligation Must be net out, through different means; the bank can be one of them. In a sense the Bank is a social movement; wealth acquired with great efforts is used for Needy& deserving people. Bank work is like a big tree having various branches, Each branch equally strong on solid footing having a universal blood group. Everyone can Experience & enjoy the shadow of this big tree.

Name- Jalgaon Janata Sahakari Bank Ltd.

In Jalgaon Branch. Pin 425001

Phone-0257-2223699

website[-](http://www.jjsbl.com/) [www.jjsbl.com](http://www.jjsbl.com)

E-mail-jjsbl\_jal@sancharnet.in

**Organization Chart**

**:**

**-**

Chairman

Bord Secretory

Chief Executive Officers

Chairman

Secretory

.

General Manag

Er Credit

General Manager

Administrators

General Manage.

Info: Ch.

Dy.

General

Manager

Officer

Officer

Officer

Officer

Clerks

Clerks

Clerks

Clerks

Peon

Peon

Peon

Peon

Share Holder

**2.3) Services of Janata Bank: -**

The Jalgaon Janata Bank provides the following services to the customers.

1. Mobile Cash Van: -

The launch of our Jalgaon Janata sahakari Bank mobile bank demonstrates how committed we are to providing Banking services to our customers in their local communities. We have been investing in the mobile banking service for 20 years. At times when other organizations are closing branches, we still firmly believe that our branch network and services such as mobile banks, are crucial for local people.

1. Life Insurance: -

The Bank is a Corporate Agent of Life Insurance Corporation of India (LIC) vide license No. 80001961 (license to act as a corporate agent under the Insurance Act,1938(IV of1938) At Jalgaon Janata sahakari Bank you can avail the services of trained & certified professional consultants from LIC, who can guide you in ascertaining your insurance needs and assist you in making an insurance plan that is just right for you. Customers can avail of this facility at any of our branches.

1. Pan card: -

We extend our services to accepting and processing Pan Card applications for our customers and shareholders. This facility is available at all our branches.

1. SMS Alert Service: -

On registration, a customer can get his account transaction details instantly on his mobile through SMS Other facilities in SMS Alert Service are:

* ATM withdrawal.
* Balance and Mini-Statement.
* Inward/Outward Cheque return. IBC/OBC release
* Notification to pig my A/C holder by providing total Credit/Debit and Closing balance (Frequency 15 days)
* Installment overdue SMS to Loan Account holder.
* Overdue SMS alert to overdue accounts.
* Minimum balance charged SMS alert.

**Chapter 4.**

**RESEARCH METHODOLOGY**

**3.1) Meaning of Research: - Research:** Diligent and systematic inquiry or investing into a subject to discover facts or principles. American College Dictionary,1964. The methodology is the strategies applied to systematically carry out the investigation and report the findings.

Research is an academic activity and as such the term should be used in a technical sense. According to Clifford Woody research comprised defining and redefining problems, formulating hypotheses or suggested solutions, collecting facts and figures, organizing and evaluating the data, and determining if they fit the formulating hypothesis. The systematic approach concerning generalization and the formulation of theory is also a research.

**3.2**) **Objective of Research:-**

The purpose of this search is to discover the answers to questions through the application of scientific procedures. The main aim to of research is to find out the truth which is hidden and which has not been discovered yet. Although every research study has its own specific purpose, we may think of the research objective as failing into numbers following broad grouping-

1. To gain familiarity with a phenomenon or to achieve new insights into it (studies with the object are known as descriptive research studies) portray accurately the characteristics of a particular individual, situation or group (studies with this object in view are known as descriptive research studies)
2. To determine the frequency with which something occurs or with which it is associated with something else (studies with this object in view are known as diagnostic research studies)
3. To test a hypothesis of a causal relationship between variables (such studies are known as hypothesis testing studies)

**3.3) Sources of Data: -**

For satisfying the object of the project data collection is a necessary and required task. The collection of data refers to the purposive gathering of information. Statistical data may be classified into two types; as follows:

Primary

Discussion

Observation

Data

Secondary

unpublication

Publication

**1) Primary Data: -**

The primary data are those that are collected and are fresh and for the first time and thus happen in character. Here primary data is collected from various sources like

* Observation
* Discussion 

The primary data is important information either through observation or through communication through personal interviews with the finance manager of the bank.

**2) Secondary Data: -**The collection of secondary data is the data which has already been collected and stored. We can easily get secondary data from records, journals annual reports, new letters and books. It will save time and money and effort in collecting the data.

1) Publish

2) Unpublished

* [www.jjsb.com](http://www.jjsb.com)
* Company mannuals
* Library

**The Techniques, which would be used for the study: -**

Discussion with bank guide and

customers. By studying projects reports.

Using project techniques.

**OBJECTIVES OF THE PROJECT**

a) To study the theoretical concept of Credit Appraisal.

b) To study the process of various credit appraisals.

c) To study the credit services which are provided by banks to their customer.

d) To study and analyse is the cases of credit appraisal by Janata bank.

e) To suggest the optimum suggestion on findings through the cases

**Limitation in Studying the Credit Appraisal**

1. Lack of time.

2. Data are collected over a brief period of time.

3. The research is confined to a certain of Agra and does not necessarily show a application to all of the Country. Thus, the study might not produce absolutely accurate results as it was based on a sample taken from the population.

4. Some respondents were reluctant to divulge personal information which can affect the validity of all responses.

5. In a rapidly changing industry, analysis on one day one segment can change every quickly. The environmental changes are vital to be considered to assimilate the findings.

**Chapter5.**

**Introduction of The Topic**

**Credit Appraisal**





**5.1) Meaning: -**

The process by which a lender appraisal the creditworthiness of the prospective borrowers is known as credit appraisal. This normally involves appraising the borrowing sustainability of his income.

The credit requirement must be assessed by all Indian financial institutions or specialized setups for this purpose. Whenever financing of infrastructure projects is taken up under consortium, syndication arrangement bank sex pose shall not exceed 25%.

The bank may also take up financing infrastructure projects in dependent respects of borrowers of repute with excellent past records in project implementation

**5.2) Brief Overview of Loan:-**

Loans can be of two types fund base& non-fund base: -

Loan And Advance

Fund Base

Non-Fund

Guarantee

Term loans

Letter of

Credit

Bank Gueantee

Working Capital loan

**FUNDBASE**

**Installment Transaction**

Vehicle Loan Pledge

Term Loan Cash Credit

Guarantee Loan Bills Discounting

Housing Loan Inland Bill

Purchase Educational Loan

**Fund Base :-**

**Working Capital**

The objective of running any industry is earning profit. An industry will require Funds to acquire “Fixed Assets” like land, buildings, plants, machinery, equipment, vehicles, tools, etc & also to run the business i.e. its day-to-day operation. Capital or funds required for an industry can therefore be bifurcated as fixed capital &working capital. Working capital in this context is the excess of current assets over current liabilities. The excess of current assets over current liabilities is treated as net, for storing finishing goods till they are sold out& for working capital or liquid surplus represents that portion of the working capital. Which has been provided from the long-term source.

**Term Loan**

A term loan is granted for a fixed term of not less than 3 years intended normally for financing fixed assets acquired with repayments, not exceeding 8 years. A team loan is a loan granted for capital assets, such as purchase of land, construction of building, purchase of machinery, modernization, renovation or rationalization of plant, & repayable from out of the future earning of the enterprise, in instalments, as per prearranged schedule. From the above definition, the following differences between a term loan & the working capital credit afforded by the bank are apparent.

**Non-Fund Base:**

**Letter of credit** The expectation of the seller of any goods or the payment immediately on delivery of the same. This may not materialize if the seller & the buyer are at different places (either within the same country or in different countries). The seller desires to have an assurance for payment by the purchaser. At the same time the purchaser desires that the amount should be paid only when the goods are perceived. Here arises the need of a Letter of Credit (LCs). The objective of LC is to provide a means of payment to the seller & the delivery of goods & services to the buyer at the same time.

**Definition:**

A Letter of Credit is an arrangement whereby a bank (the issuing bank) acting at their quest& on the instruction of the customer(the applicant) or on its own behalf,

**Bank Guarantees:**

A contract of guarantee is defined as a contract to perform the promise or Discharge the liability of the third person in case of default. The parties to the contract of guarantees are:

Applicant: The principle debtor–person at whose request the guarantee is executed Beneficiary: person to whom the guarantee is given & who can enforce it in case of default.

Guarantee: The person who undertakes to discharge the obligation of the applicant in case of his default. Thus, guarantee is a collateral contract, consequential to a main co applicant & the beneficiary.

**5.3) Different Stages of Pre-sanction Appraisal Process: -**

A project report is a document that provide information about the proposed activity – product/services to be undertaken both in terms of quantity &value, process of manufacture, technology to be used type or raw material & machinery required & supply position. The project report also provides information about the demand & supply position of the product, profitability projection, fund flow statement, schedule of repayment of the bank loan & important ratio. In addition to this it provides the position of availability of licenses, permission if any required from the government agencies, local/international market conditions & environmental factors having an influence on the project for successful implementation of any project the background, experience, and qualification of entrepreneurs/ promoters also matter.

**Pre-sanction process of a credit proposal involves three important stages**.

* **Credit Investigation**
* **Appraisal/Evaluation**  **Sanction**

Whenever a credit proposal is received by the lending bank, it is essential to carry out credit out credit investigation before taking up the proposal for credit appraisal/ evaluation

**Credit Investigation**: -

Credit investigation is a basic requirement of pre-sanction appraisal of credit appraisal of the credit proposal. The objective of the credit investigation is to know about Six ‘C’ of the borrower

**Character: -**

This refers to the integrity of the borrower. The bank should satisfy itself through investigation that the borrower processes unimpeachable integrity and that the borrower is not involved in any unethical practices and fraudulent dealings.

1). Capacity: -

The financial capacity of a borrower is an important factor to be taken into account by the bank. The reputation of the borrower in his financial dealings needs to be investigated through market inquiries.

2). Capital: -

The capital base of a borrower determines his stake in his business as well as his intrinsic financial strength. The larger the capital base, the greater the comfort for the lending bank, as it would provide a cushion to the borrower against unforeseen contingencies.

3). Collateral: -

The collateral securities available with the borrower should be looked into as it would provide additional security to the bank to guard against default risk.

4). Cash History: -

If the borrower is already dealing with other banks, detailed information on his dealings should be investigated.

5). Condition: -

The present condition of the economy & the business climate which may have an impact on the finances of the borrower is an important aspect to be taken into account

**Process of Credit Investigation**

1. Interview with credit investigation: -

The bank official should hold discussions with the prospective borrowers to elicit information on the activities presently undertaken details about the proposed project arrangements for the products manufactured, source of margin money to be provided & tie-up arrangements. The discussion with the borrower & feedback received from him should help the bank in forming an opinion as to whether the proposal can be considered.

1. Visit to borrower site: -

The bank official should visit the borrower's place of business/manufacturing activity to find out the existence of the unit & the activities undertaken by him. During the visit, the primary/collateral security offered should be checked for their acceptability. The visit should also help in knowing the manufacturing process of the unit as also the nature of business undertaken by the borrower.

1. Market Information: -

Confidential opinions on the applicant borrower should be gathered by making discreet inquiries from persons connected with similar lines of business. Inquiries may also be made with the buyer of products & suppliers of raw materials, etc.

1. Industry/Business Prospects: -

The bank should collect essential details relating to the present position of the industry/business in which the applicant borrower is engaged or proposed to undertake, the market environment, major competitors & position of the applicant borrower in the industry/business.

1. Financial Statement: -

The bank should obtain a financial statement of the applicant borrower as well as sales Tax/VAT/Income Tax/ Wealth tax returns /Assessment orders. This document would give details Such as growth in sales, profitability net worth positions, term liabilities, cash accruals, ability to repay tern loan commitment, etc

**Appraisal/Evaluation of Credit Proposal**

The next stage of the pre-sanction process of the bank satisfied with the identity

of the borrower, character, integrity, financial status, etc. the credit investigation, and appraisal /evaluation of the proposal. The appraisal/evaluation process involves of required information from the applicant borrower & thereafter evaluation of the various details by him. Collection of required data from the borrower

**Sanction of Credit Proposals**

After securing approval from the Loan Committee Board, the CEO / Branch Manager, as the case should sanction of credit facilities to the borrower. In the letter conveying the sanction of credit facilities, the bank should specifically indicate, the nature of facilities, total limits & the total amount facility-wise credit limit, particulars of primary an respect of each facility, commission on the letter of credit, and bank guarantee, etc. the consent of the borrower should also be obtained agreeing to the term & condition of sanction.

Examine the following aspects of the proposed exposure in light to corresponding in destruction in force.

* Bank lending policy and other relevant guidelines
* RBI guidelines
* Borrower's status in the industry
* Industry Prospects
* Experience of the bank with other units in a similar industry
* Overall strength of the borrower
* The project has of operations
* Risk factors critical to the exposure and adequacy of safeguards proposed
* Credit risk rating

**5.4) Post Sanction Supervision & Appraisal**

Post-sanction supervision & follow-up loan account in the bank has assumed a lot of significance as it help in keeping a close watch on performance & for initiating timely corrective action. The main objective of the post-sanction supervision importance goals of the monitoring areas.

Periodical monitoring of the actual performance of assisted constituents vis. Projection accepted at the time of appraisal credit facilities viz. sales operating profit, inventory &evaluating temporary/critical aberrations coming in the way of smooth functioning of the assigned companies for timely restructuring. Understand the financial problem of the assisted companies without delay & assist on a regular & ad-hoc is as advised by the reserve bank of India. The system is popularly known as Quarterly information system

|  |  |
| --- | --- |
| Form-1(Quarterly) | Project in level of sale, Production, current assets & current liabilities |
| Form-2(Quarterly) | Comparison of projection of the previous quarter with the actual  Figure with the respects of the production sales & position of current assets & current liabilities |
| Form-3(Quarterly) | Operational & financial information  in respects of sales, cost of goods sold, profit &loss position with regard to inflow & out flow of fund. |

**Stages of Post Sanction Process**

The post-sanction credit process can be broadly classified into three stages viz. follow-up, supervision and monitoring, which together facilities efficient and effective credit management and maintaining high level of standard assets. The objectives of the three stages of post sanction of post sanction process are detailed below.

|  |  |  |
| --- | --- | --- |
| Follow Up | Supervision | Monitoring |
| * Ensuring   Compliance with term &  Condition of sanction ongoing basic.   * Ensuring perform acne safety & recoverability of assets | * Ensuring effective follow up to maintain Assets quality * Keeping look out for early warning signals. | * Ensuring   Effective supervision   * Monitor   Customer satisfaction   * Ensuring   Quick response to early warning single. |

**5.5) Credit Appraisal Techniques: -**

Credit appraisal techniques review the tools and techniques for analysing and evaluating information from potential clients. Participants will learn how to identify the differences between a strong credit candidate and a weak credit to the Bank Credit Appraisal Techniques is fully customized. Our modular approach, combined with our experience with bank systems, products, and services, allows to quickly and efficiently create training specific to all

**5.6) Process for credit appraisal for loan: -**

**Term loan: -**

Repayable loans is not less than 36 months are referred to as term loans. In the interest of sound risk management practices, monitor the percentage of term loans in their credit portfolio to keep the term loan component within a predetermined percentage. Commercial banks/financial institutions provide term loans for the acquisition of fixed assets with a repayment period of not less than 3 years. Unlike in the case of working capital where the period of the loan is for a shorter period, the term loan for acquiring fixed assets is for a longer duration. Term loans provided for acquiring fixed assets are required to be repaid out of cash generated from the business operation over some time with a predetermined schedule.

**Process of credit appraisal for providing cash credit/working capital limits:-**

Working capital for any unit means the total amount of circulating funds required for meeting the day-to-day requirements of the units. For proper work a manufacturing unit need a specific level of manufacturing units needs specific levels of current assets such as raw materials, stock in progress, finished goods, receivable &other current assets such as cash in hard/bank & advances etc. so working capital means the funds invested in current assets. The trading units need the working capital for storing the goods & allowing credit to their customers.

**Appraisal Techniques for Retail Loans: -**

1) Education Loan: -

Tills some years back higher education & quality education were not affordable to some illustrative students because of financial constraints. Scholarships were there, but those were so small in numbers that only a luckier few could avail of them. But now these scenes have changed drastically. The boom in the banking sector has led to the release of large amounts of funds for education loans.

Education loans are popular day by day because of the rising fee structure of higher education. It came into existence in 1995 started first by SBI Bank & after that bank started offering study loans.

2) Vehicle Loan: -

As the name suggests this kind of loan is given to the person for purchasing a vehicle. The banker must directly make payment to the dealer in vehicles based on performance invoice, to ensure that the loan is properly utilized. The vehicle in the joint names of the borrower and the banker for its full.

**5.7) An Overview of Asset Quality Management: -**

Assets quality refers to the degree of financial strength & risk in a bank's assets, typically loans & investments. A comprehensive evaluation of asset quality is one of the most important components in assessing the current condition & future viability of the bank.

The quality of the bank's assets impacts, in varying degrees components of the bank's financial performance. High levels of classified assets can hurt earnings through lower interest income, higher provision to the loan loss reserve & increased administrative costs for managing & collecting these assets.

**Significance:**

Assets quality is an important aspect of bank condition assessed during an examination. When examiners evaluate asset quality, they primarily look at the level of credit risk in the bank’s assets and try to determine If borrowers will repay their obligations due to the bank. A considerable amount of examiner time is spent on his determination. Why is so much time & effort spent evaluating & identifying credit risk? Simply put, poor asset quality can. Asset quality is just one of several measurement tools used to determine the extent

Of bank credit risk exposure. Credit risk can be found in the following assets:

* Loans & eases
* Investment
* Due from banks
* Other real-estate-owned
* Other assets
* Off-balance sheet items

The term most often used when analysing asset quality are:

**Past-Due: -**

When payment was not made on the expected data. This is further defined by the number of days the payment is late. A loan becomes past due when it is 30 days delinquent. A payment could be 29 days late, but still considered current.

**Nonaccrual loan: -**

Those loans on which interest is no longer being accrued. These are seriously delinquent loans

that are 90 days past due, are not well secured since they are not backed by good collateral & are not yet in collection. A loan may also be placed on nonaccrual when the collection of principle & interest is in doubt.

**Charge doffs: -**

The charge against the allowance for loan & lease losses which assets which reduced the loathe asset to zero on the bank's books.

**Assessment: -**

In every aspect of bank's operations, director has the responsibility for keeping abreast of their bank's assets quality. Bank examination sources in assessing in banks asset quality & credit risk.

**Assets Classification: -**

During the review, examiners assess the inherent credit risk a sample of bank interest-bearing assets loans & securities. An asset will be assigned either a pass or classified rating. Pass assets are those where there is reasonable prospects for the banks to receive principle &interest according to the asset's contractual terms. All banks and regular agencies use the

Same assets of classification categories. There are three adverse classification categories, each representing a different degree of the risk of nonpayment.

* Substandard
* Doubtful
* Loss

Doubtful assets have all the weaknesses of substandard assets plus the characteristic that collection is full of highly questionable & unlikely.

**Data Analysis**

1. How would you rate your perception of the credit appraisal process conducted by your bank?

|  |  |  |
| --- | --- | --- |
| No of Options | Responds | Percentage |
| Excellent | 17 | 34% |
| Good | 10 | 20% |
| Satisfactory | 13 | 26% |
| Poor | 10 | 20% |

From the above table it is referred that majority 34% of the respondents prefer in Excellent option. Then 20% prefer in Option 3 and 20% people prefer in option 2 and 4.

1. How often do you apply for Credit facilities from your bank?

|  |  |  |
| --- | --- | --- |
| No of Options | Response | Percentage |
| Rarely | 13 | 26% |
| Occasionally | 17 | 34% |
| Sometimes | 10 | 20% |
| Frequently | 6 | 12% |
| Always | 4 | 8% |

From the above table it is referred as that the majority people uses occasionally 34%, then 26% people use Rarely credit facilities, then 20% people apply sometimes and then 12% and 8% people use credit facitilites frequently and always.

1. How knowledgeable do you feel about the factors considered during the credit appraisal process?

|  |  |  |
| --- | --- | --- |
|  | Response | Percentage |
| Very Knowledgeable | 13 | 29% |
| Moderately Knowledgeable | 10 | 12% |
| Slightly Knowledgeable | 9 | 18% |
| Not Knowledgeable | 17 | 34% |

The Knowledge about credit appraisal Process during the table 29% people is very Knowledgeable about these process, then 12 people is Moderately Knowledgeable and 18% peoples it will be Slightly Knowledgeable and then 34% peoples are not Knowledgeable about the process.

1. Do you believe the Credit Appraisal Process in transparent and fair?

|  |  |  |
| --- | --- | --- |
|  | Responses | Percentage |
| Strongly Agree | 0 | 10% |
| Agree | 22 | 33% |
| Neutral | 6 | 12% |
| Disagree | 7 | 14% |
| Strongly Disagree | 15 | 30% |

10% peoples are Strongly Agreed about the credit appraisal process in transparently agreed or fair then 30% are Strongly Disagree and 33% agreed and 14% are Disagree and Other 12% is Neutral.

1. Have you ever faced challenges or difficulties during the credit appraisal process?

|  |  |  |
| --- | --- | --- |
|  | Response | Percentage |
| Yes, Frequently | 8 | 18% |
| Yes, Occasionally | 19 | 38% |
| No, Never | 9 | 18% |
| Other | 14 | 28% |

Above this table 38% peoples are faced the difficulties to the credit appraisal process and 18% people is Frequently Yes to the first option , then 28% choose another options.

1. How satisfied are you with the time taken for the credit appraisal process?

|  |  |  |
| --- | --- | --- |
|  | |Response | Percentage |
| Satisfy | 21 | 40% |
| Dissatisfy | 20 | 53% |
| Other | 9 | 12% |

40% peoples are Satisfied about to take time for the credit appraisal process, and then 53% didn’t satisfied to the process and 12% are other reasons.

1. How would you rate the level of professionalism exhibited by bank staff during the credit appraisal process?

|  |  |  |
| --- | --- | --- |
|  | Responses | Percentage |
| Excellent | 14 | 28% |
| Good | 10 | 20% |
| Average | 12 | 24% |
| Poor | 6 | 12% |
| Very Poor | 8 | 16% |

From the above table it is referred that majority 28% respondent Excellent, 20% respondent borrowed the Good, 16% respondent borrowed the Good level of professionalism exhibited by bank staff during the credit appraisal process and then 12% and 16% people are poor or very poor about these process.

1. How transparent do you find the communication from the bank regarding the outcome of the credit appraisal process?

|  |  |  |
| --- | --- | --- |
|  | Responses | Percentage |
| Very transparent | 13 | 26% |
| Transparent | 6 | 12% |
| Neutral | 17 | 34% |
| Not transparent | 9 | 18% |
| other | 5 | 10% |

From this table 34% people are communicate the bank regarding the outcome of the credit process, and then 26% are very transparent about their process work, 18% does not transparent and 10% are conduct or followed their own reasons.

1. To what extent do you believe the credit appraisal process impacts your overall banking experience?

|  |  |  |
| --- | --- | --- |
|  | Responses | Percentage |
| Significantly | 17 | 34% |
| Moderately | 8 | 16% |
| Slightly | 19 | 38% |
| Negligible | 6 | 12% |

According to these response 34% peoples are significantly respondent and 38% are respond the slightly and 16% are moderately believe that process is impacting the banking experience, then 12% are negligible about these process.

1. In your opinion, how does the Credit appraisal process affect your trust and loyalty towards your bank?

|  |  |  |
| --- | --- | --- |
|  | Responses | Percentage |
| Strengthened | 35 | 70% |
| Unchanged | 8 | 16% |
| Weak | 7 | 14% |

Above the 70% majority to the Strengthened and then 16% of Unchanged and 14% are weak about their trust to the Bank.

**Case Study1): -** (Two-wheeler loan approval)

Applicant name: - Suhas Dilip Khamkar.

Loan Sanction Amount: - 50000

Job Profile: - Sales Executive

Down payment: - 20000

Loans are provided by **Jalgaon Janata Sahakari bank** from as low as Rs. 5000 to Rs.150000. These loans can be paid in easy installments. The installment period can range any where from six months to three years, depending on the finance option chosen by the customer. In case of new vehicles, banks generally finance up to a maximum of 90% of the cost of the vehicle. In case of old/second-hand vehicles, banks finance up to a maximum of 85% of the value of the vehicle. Repayment is done by Equated Monthly Instalments or EMI.

Interest charged by Jalgaon Janata sahakari bank:

All though the co-operative bank are offering lower interest than their private counterpart but they are lagging due to poor quality of service. Interest rates depends upon two-wheeler model, loan tenure. Interest is generally calculated on a monthly reducing balance.

Jalgaon Janata bank are some criteria based upon which the auto loans for two wheeler are sanctioned:

The individuals seeking loans should have annual gross income of about INR50,000 or more.

* The individual can be a business man, professional or caris job holder.
* Loans are provided for both new vehicles or for used two wheelers that are up to 3 year old.
* If you are a transport operator then you have to down-pay minimum margin money of about 15% of the invoice value, tax amount and premium of insurance for buying a brand new three-wheeler.
* For a used one, you have to pay minimum margin money of about 25%. Requirement of guarantee is not mandatory, however in some of the cases you may be asked to deposit any collateral security.
* Repayment is usually done within 60 months in equated monthly installments. The interest rates may be higher in the private banks and private financial institutions.
* One thing should be noted that all such terms and conditions may vary from one bank to another, one financial institution to another.

Jalgaon janata sahakari bank offered loan for those individuals who prefer to travel more conservatively or to get their destination faster, a two wheeler is as much a boon as it is to car owner. With newer models coming out each year, the option available to the customer are both attractive as well as convenient.

Jalgaon Janata banks Two Wheeler loan make it possible to purchase a two wheeler and payback in easy monthly installment, thereby reducing the burden of onetime payment. All resident of Jalgaon, salaried, professional, self-employed, businessman and farmer can apply for this loan.

**Interest rate** :12.75%(Fixed)

**Processing charges**: 2%.Minimum-Rs. 250/-

**Documents:**

✔**salaried person-**

•Application form with photograph

•Identity & residence proof

•Latestsalaryslip3month

•Form16

•Last 2 years bank statement.

Eligibility:

Total (Income tax return for 3 years).existing deductions (pf) and proposed installments at 60% of monthly gross salary. 85% of quotation price.

**Terms and conditions:**

**Loan amount**: finance for a minimum of Rs- 5000 and maximum of Rs- 100000, or five time of the monthly income, whichever is less. Can be availed of through the loan.

**Down payment**: Margin of10%onloan amount.

**Repayment period:** The loan amount can be repaid in maximum 60 months from the date sand disbursement of the loan.

As a security, the vehicle to be purchased out of the loan is to be hypothecated to the bank. For loan exceeding Rs. 50000, a third party guarantee and other securities like NSC, Share certificates, etc or a mortgage of property owned.

The vehicle will have to be insured with the bank’s clause.

**Case study**: -**2** (Four-wheeler loan approval)

Name of applicant: Ashok Kashinath Patil.

Loan Sanction amount: 4,50,000.

Job Profile: Own business (Electrical shop.)

Down payment :100000.

**Document**:

✔**self-employed-**

•Application form with photograph

•Identity & residence proof

•Last 5 years income tax returns

•Last 3 year bank statement

Loans are provided by **Jalgaon Janata Sahakari Bank** from as low as Rs. 10000 to Rs.1000000. These loans can be paid in easy installments. The installment period can range any where from six months to three years, depending on the finance option chosen by the customer. In case of new car, banks generally finance up to a maximum of 90% of the cost of the vehicle. In case of old/second hand vehicles, banks finance up to a maximum of 85% of the value of the vehicle. Repayment is done by Equated Monthly Installments or EMI.

Interest charged by Jalgaon Janata Sahakari Bank:

Although the co-operative banks are offering the lower interest than there private counterpart but they are lagging behind due to poor quality of service. Interest rates depends upon two wheeler model, loan tenure. Interest is generally calculated on a monthly reducing balance.

Jalgaon Janata bank are some criteria based upon which the auto loans for two-wheeler are sanctioned:

The individuals seeking loans should have an annual gross income of about INR 50,000 or more.

•The individual can be a businessman, professional or cares job holder.

•Loans are provided for both new vehicles or for used two-wheelers that are up to 3-year-old.

• If you are a transport operator then you have to down-pay minimum margin money of about15% of the invoice value, tax amount and premium of insurance for buying a brand new three-wheeler.

•For a used one, you have to pay minimum margin money of about25%. Requirement of guarantee is not mandatory, however in some of the cases you may be asked to deposit any collateral security.

|  |  |
| --- | --- |
| **Interest Rate** | 9.20%– 9.70% |
| **Processing Fee** | Rs.1,000 – Rs. 1,500 +GST |
| **Repayment Tenure** | Up to 7years |
| **Financing** | 90% of ‘on-road price |
| **Maximum Loan Amount** | For Government Employees: 40 times of monthly income.  For Professionals: 4 times of gross taxable income.  For Businessmen: 4 times of net profit. For Agriculturalist: 3 times of net an ualincome. |

Jalgaon Janata bank car loan features:

These are the salient features of the car loan given by Jalgaon Janata Sahakari Bank.

* Multiple Options to choose from: Jalgaon Janata Sahakari Bank offers multiple Car loan options to choose from for financing the purchase of both new as well as used cars.
* Lowest interest rates: Car loan interest rates by SBI bank are very lucrative and are charged at the lowest possible rates. JJSB car loan interest rates are offered at both fixed as well as flexible rates. The prevailing Jalgaon Janata bank Car Loan interest rates range between 10.40%and 10.45%.
* No advance EMI (advance monthly car loan payments): The JJSB car loan borrowers enjoys flexible options to pay EMIs. Car loans provided by JJSB come with has free options as per which the customer does not have to pay advanced EMI at the time of taking JJSB car loan. Further, they even get the liberty to pay off their EMIs at any time during the month.
* Repayment tenure: The JBP has designed the car loan product keeping the convenience of the borrowers in mind. For the same, JJSB bank offers the longest car loan repayment period of 7 years or 84 months.
* Financing the Car’s ‘On-Road’ Price: JJSB finances car loan of a borrower on 85% of On-Road price that includes cost of registration annual maintenance contract total service package cost of accessories charges for insurance and extended warranty.
* Interest is calculated on daily reducing balance: Another added advantage of JJSB car loans is that the customers are charged interest at daily reducing balance.

No-foreclosure Charges: Certain JJSB car loan schemes offer no fore-closure charges; which mean car loan borrowers do not need to pay extra for pre-paying the borrowed car loan amount.

* Optional JJSB life cover: Along with JJSB Car Loan, State Bank of India even offers an option of choosing JJSB life cover by paying a little extra cost.
* **Overdraft Facility:** With the JJSB Car loans, borrowers can even available overdraft facility at the JJSB

**Case Study:-3**

Mr ABC has current account in JJSB bank & he is permanent member in JJSB bank.He is working as professor in last 30 years.He has made contract with ajay patil for purchasing flat in Neri Naka Jalgaon at Rs.8 lace

|  |  |
| --- | --- |
| Application Name | ABC |
| Address | Ganesh Nagar Jalgaon |
| Membership No | 52023 |
| Job and Post | Professor |
| Income | 50000 |

**Loan Demand Description**

|  |  |  |
| --- | --- | --- |
| **Sr.No** | **Loan Type** | **Amount (in Lack)** |
| 1 | Purchase Flat in Jalgaon | 5.00 |
| Guarantor | Guarantor No.1 | Guarantor No.2 |
| Name | ABC | XYZ |
| Address | Shiv colony | Shivaji Nagar |
| Membership No. | 20000 | 25400 |

**Detail:**

Technical Appraisal:

Adv.R.H. Chetan submitted title search report of flat to JJSB it is satisfactory According to him assets in proper for mortgaged ABC is now 45 years so bank can sanction loan for duration 5 year 9 months.

**Visit report**

Branch Manager Mr.vispute given visit to asset site on dated 25/09/2015 & given satisfactory report

**Income Analysis: -**

|  |  |  |
| --- | --- | --- |
| **Month** | **Gross salary** | **Net salary** |
| June | 35742 | 30154 |
| July | 35686 | 28975 |
| Aug | 35478 | 28456 |
| Avg.Salary | 35689 | 28455 |

**Bank Manager recommendation**

Guarantor are economically well & permanent member of bank .After considering applicant in branch Account & Application status of salary A/C in branch manger recommended for sanctioning house loan to ABC for Rs 4.50 lakh for 6 year duration & for it he have to pay EMI for Rs. 8950

**Case study :-4**

Mr.ABC is JJSB Jalgaon Branch A/C Holder & working as manager in supreme pipe since 20 year. It is reputed plastic manufacturing company in Maharashtra Mr.ABC gross salary is Rs.29604 & Net salary is Rs.17552 he wants Rs.2.50 Lack for marriage of his daughter & for repairing house the.Guarantor is also in well condition Gono 2 is not member of JJSB so hi have to give nominal membership of JJSB.

|  |  |
| --- | --- |
| **Application Name** | **ABC** |
| Address | Madhuban colony, Jalgaon |
| Membership No | 522325 |
| Job and Post | Manager in supreme pipe Goregaon |
| Income | 35200 |

**Loan Demand description**

|  |  |  |
| --- | --- | --- |
| **No** | **Loan Type** | **Amount (in lack)** |
| 1 | Personal Loan | 2.50 |
| Guarantor | Guarantor No.1 | Guarantor No.2 |
| Name | ABC | XYZ |
| Address | ITI Colony | Ganesh wadi |
| Membership No | 42505 | \_ |
| Income | 1.50 lack P.M | 17456 P.M |

**Description:**

Bank can sanction loan amount Rs .2.50 lakh & for it he has to pay EMI Rs 3700

**Case Study:-5**

Applicant have own spices grinding center,He sale it at wholesale & retail market spices are supply in 50 gms ,100gm ,250gm & 500gm. Packing in wholesale year & for it firm current account turn over on 1.4.20 was Rs.2475800 & firm has purchased machinery at Rs. 3.80 lack on 4.07.2023

|  |  |
| --- | --- |
| **Name** | **Gurukrupa Masala Trading** |
| Proprietor name | Kishor Patil |
| Address | Rameshwar Colony Jalgaon |
| Membership No | New |
| Business | Manufacturing & Sale spices |
| Income | Rs.168000 P.A |
| Current A/C No | 21/898 |

**Current Loan Detail:-**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **No** | **Loan Type** | **Sanction** | **Remaining** | **Recover** | **Overdue** |
| 1 | Machinery  Loan | 3.80 | 3.80 | **-** | **-** |

**Loan Demand Description**

|  |  |
| --- | --- |
| **Loan** | **AMT** |
| Cash credit | 10 Lakh |

**Guarantor Details**

|  |  |  |
| --- | --- | --- |
|  | **Guarantor No-1** | **Guarantor No-2** |
| Name | Avinash Joshi | Pratik shah |
| Address | Jamner | Jamner |
| Membership No | - | 15652 |
| Income | Rs.166000 | Rs.88565 |

**Mortgaged assets offer for loan**

|  |  |  |  |
| --- | --- | --- | --- |
| **Assets Description** | **Spot Detail** | **Owner Name** | **Search Report & valuation** |
| Flat no.8 first | 50 sq. Ft | Mrs.Lalita Patil | Adv.R.h.Chandan |
| Floor,shri,plaza | RRC |  | Jalgaon |
| Apt.Tapi Nagar | Contraction |  | Date.26.08.2023 |
| Pachora |  |  | Verification  Mr.shekhar Kasar  Rs. 2004000 |

**Balance sheet detail:-**

Gurukrupa Masala trading have demand for cash credit loan for rs 10 lack for Development of their business. Kishor Patil has received 4.68 lack income from this business

**7.1) Findings**

* Credit is the core activity of the banks & importance source of their earnings which go to pay interest to depositors, salaries to employees & dividend to share holder.
* Credit & risk go hand in hand.
* In the business world, risk a rise out of.
* Banks main function is to lend funds / provide finance but it appears that norms are taken as guidelines not as a decision making.
* The credit appraisal process adopted by the bank take into account all possible factors which go into appraisal the risk associated with a loan.
* These have been categorized broadly into financial, business, industry, management risks & are rated separately.
* The assessment of financial risks involve appraisal of the financial strength of the borrower based on performance & financial indicators.
* The norms of the bank for providing loans are not stringent, i.e. even if a particular client is not having the favorable estimated and financial performance, based on its past record and future growth perspective, the loan is provided.
* The Jalgaon Janata Sahakari Bank is one of the most trustable bank in co-operative sector in Jalgaon.

**7.2) Recommendation & suggestion**: -

In spite of all the good factors and rating, still the discrepancies remain either in the part of entire company or on the part of a particular office operating in the state of the country.

Similarly Bank of India has some problem in which top management should take corrective measures in order to become more effective and efficient in its operation.

1. Bank of India being a commercial bank should take into account its various other services chimes and customer. But the bank has been stressing on its credit giving process only which makes the bank irresponsible towards its customers who are using its deposits schemes and current schemes.
2. The speed of transaction is slower in bank of India which makes the bank lose its regular customers. The bank should concentrate more on its regular customers to make a better image in the mind of its customers.
3. The biggest loop hole in the bank is its recruitment process of its employees. The bank has large number of older age employees who are slower in their work speed. This makes the work slower when it comes to services of the employees. The employees are non-working and usually a lot of pending work is kept. This makes the working of the bank number some.
4. The higher officials are generally very irresponsible towards their work and due to this the lower staff is also in the work should be done on time and they should try to enthusiasm the lower staff and they should work cordially to make the work loadeasier for the customer.
5. The bank has lost its large number of customers due to strict norms followed by the bank in giving credit to its customers. The reason being borrowers try to scope such stringent terms and condition. This is the reason why the bank frequently loses its customers as they find it appropriate to move to some other bank following comparatively easier norms. The bank in this case should make its policy a little easier for its customers to make them loyal customer of the bank

**Conclusion**

The Jalgaon Janata Sahakari Bank operating in Maharashtra state for last 81 year since 1934 and catering to the Banking needs and services of people of rural and semi urban of the state. It has not only long history of existence but also excellent records of existence but also excellent today.

I consider myself fortunate to have got an opportunity to be associated with your esteem organization for small period of mu project work as a student. The management and staff in general were found extremely co-operative, knowledgeable and always ready to guide in my project assignment. But for their assistance and guidance my project work would not have been completed.

I am happy to mention that I am now enriched with a good amount of knowledge that I gained during the course of working with the Bank.

I sincerely express my gratitude to all the staff in general and the Esteem Bank in particular for the same.

I will shall progress and prosperity of the Bank in the years ahead.

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* Credit Rating.

**Website –**

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* [www.wikipedia.org](http://www.wikipedia.org)

**Annexure**

**Balance sheet As At 31st March 2023**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **31/03/2022** | **A.R.**  **No.** | **Capital And Liabilities** | **Capital And Liabilities** | **A.R.**  **No.** | **31/3/2023** |
| 52,71,05,225,00 | 1) | Capital | Capital | A | 59,67,67,950.00 |
| 1,93,06,23,427,97 | 2) | Reserve & Other Funds | Reserve&Other Funds | B | 2,15,42,38,084.87 |
| 0.00 | 3) | Principle/Subsidiary state Partnership Fund | Principle/Subsidiary state Partnership Fund |  | 0.00 |
| 18,78,48,03,460.11 | 4) | Deposits | Deposits | C | 19,28,51,69,503.31 |
| 44,92,70,000.00 | 5) | Borrowings | Borrowings | D | 23,92,00,000.00 |
| 0.00 | 6) | Bills as per Contra | Bills as per Contra |  | 0.00 |
| 0.00 | 7) | Branch Adjustment | Branch Adjustment |  | 0.00 |
| 32,95,98,830,68 | 8) | Overdue Interest reserve on NPA | Overdue Interest reserve on NPA |  | 38,49,0,167.64 |
| 34,12,376.00 | 9) | Interest Payable | Interest Payable | E | 30,57,687.87 |
| 33,86,48,680.24 | 10) | Other Liabilities and Provisions | Other Liabilities and Provisions | F | 27,59,70,084.90 |
|  | 11) | Profit & Loss | Profit & Loss |  |  |
| 14,03,98,322,97 |  | Profit as per last balance sheet | Profit as per last balance sheet |  | 18,23,51,900.03 |
| -14,03,98,322.97 |  | Less: Appropriation | Less: Appropriation |  | -18,23,51,900.03 |
| 0.00 |  | Balance of previous year profit | Balance of previous year profit |  | 0.00 |
|  |  | Add: profit for the year brought from the profit and loss account | Profit for the year |  | 20,40,57,997.69 |
| **22,54,58,13,900.03** |  | **Total** | **Total** |  | **23,14,33,62,476.28** |
| **34,64,32,750.79** |  | **Contingent liabilities** | **Contingent liabilities** |  | **39,34,53,517.10** |